

CHAPTER NO. 18**HOUSE BILL NO. 172****By Representatives Bone, Beavers, Hargrove, Bittle****Substituted for: Senate Bill No. 48****By Senator Rochelle**

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 67 and Title 67, Chapter 6, relative to sports authorities.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-103(d)(1), is amended by adding a new subpart (D) thereto as follows:

(D) Notwithstanding the allocations provided in subsection (a), if there exists in a municipality in this state a sports authority organized pursuant to the provisions of title 7, chapter 67, and if a new motor sports facility locates in that municipality, and if the sports authority issues bonds or notes and uses the proceeds to assist with the development of such motor sports facility, including (without limitation) the construction of roads, streets, highways, curbs, bridges, flood control facilities, and utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications for such facility, then at such time as the new motor sports facility begins operating, and for a period of thirty (30) years thereafter, an amount shall be apportioned and distributed to the sports authority of that municipality, or other entity which is responsible for the retirement of the debt evidenced by such bonds or notes, equal to the amount of state and local tax revenue derived from the sale of admissions to events at such facility, and also the sale of food and drinks sold on the premises of such facility used in conjunction with those events, parking charges, and related services, as well as the sale at such facility of souvenirs, memorabilia, and other goods and products associated with the operation of the facility. Such amount distributed shall be for the exclusive use of the sports authority, or comparable municipal agency, formally designed by the municipality in accordance with the provisions of title 7, chapter 67. Notwithstanding the provisions of this section, a sports authority and the municipality in which it is located may enter into an agreement under which all or any portion of the local tax revenue may be paid to the municipality for its exclusive use. For the purposes of this subsection, "municipality" means any incorporated city or county located in the State of Tennessee. This subsection shall only be applicable if the cost of the acquisition of real property for such new motor sports facility, together with the costs of constructing and equipping the facility, exceeds forty million dollars (\$40,000,000.00), incurred after January 1, 1999. The state portion of the tax revenue shall be distributed to the sports authority only if, at the date of such distribution, the sports authority has outstanding indebtedness due on such bonds or notes described above.

SECTION 2. Tennessee Code Annotated, Section 7-67-109, is amended by adding a new subsection thereto as follows:

(____) Acquire, whether by purchase, construction, exchange, gift, lease or otherwise, and to improve, repair, extend, equip, furnish, operate and maintain any roads, streets, highways, curbs, bridges, flood control facilities, utility services such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications, which the board of directors of the sports authority deems to be necessary, expedient or advisable in connection with the development or operation of any project; to dedicate any such highways, roads or services to the public use; to enter into any contract to facilitate these purposes and to make any payments required under such contracts; to borrow funds for the purpose of making any payment authorized by this subsection; and to pledge and otherwise use the revenues of the sports authority to repay such borrowed funds.

SECTION 3. Tennessee Code Annotated, Section 7-67-103(h), is amended by deleting the subsection in its entirety and substituting in lieu thereof the following:

(h) "Project" means any building, sports complex, stadium, arena, sports and recreational facility, or any other structure or facility constructed, leased, equipped, renovated or acquired for any of the purposes set forth in this chapter, and also includes (without limitation) roads, streets, highways, curbs, bridges, flood control facilities, and utility services, such as water, sanitary sewer, electricity, gas and natural gas, and telecommunications which are constructed, leased, equipped, renovated or acquired as a supporting system or facility for any of the purposes set forth in this chapter, provided such supporting system or facility is dedicated for public use.

SECTION 4. Tennessee Code Annotated, Section 7-67-112, is amended by inserting a new subsection to the end thereof reading as follows:

(____) Notwithstanding any provisions of this section or any other law to the contrary, a sports authority and the municipality in which it is located may enter into an agreement under which all or any portion of the real property ad valorem taxes paid by the owner of a sports facility shall be paid into a special enterprise fund of the municipality, subject to the conditions set forth in the following sentences. The municipality is authorized to use the monies in such enterprise fund in order to make any payments due to the sports authority from the municipality under a contractual obligation. Such an enterprise fund may only be utilized where the funds paid from the enterprise fund to the sports authority will be principally used by the sports authority to make payments on revenue bonds issued by the sports authority, where the net proceeds of such bonds were used by the sports authority to acquire, construct or equip systems, improvements or facilities which are public improvements dedicated for public use and such improvements were made by the sports authority in order to assist in the development and construction of such sports facility, and the sports authority is authorized to pledge any monies paid to it from such enterprise fund as collateral for such revenue bonds, notwithstanding the provisions of Section 7-67-113. The agreement between the sports authority and the municipality shall not be effective unless approved by the Comptroller of the Treasury of Tennessee.

SECTION 5. Tennessee Code Annotated, Section 7-67-112, is amended by adding thereto a new subsection as follows:

() Notwithstanding the foregoing, if the sports authority is not the owner of the sports and recreational facility, then prior to the issuance of any bonds for a project as defined in Section 7-67-103(h) related to the sports and recreational facility, the sports authority, in addition to the pledge of revenues from the project as the source of payment for such bonds, shall provide further security for the payment of the bonds, such as bond insurance, a surety bond, a letter of credit, a third party guarantee, the contractual obligation of the owner or operator of the sports facility as to its ownership and operation during the term of the bonds, or other similar security, all of which must be submitted to the Comptroller of the Treasury for approval.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: March 8, 1999

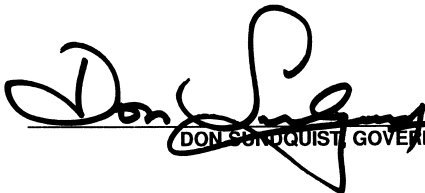


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 18th day of March 1999



DON SUNDQUIST, GOVERNOR